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# Perceived organizational support and risk taking

Perceived  
organizational  
support

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## Abstract

**Purpose** – The aim of this paper was to investigate the role of perceived organizational support (POS) for employee risk-taking through its association with greater trust among supervisors and subordinates that the organization will take into account the individual's intent to be helpful in the case of failure (failure-related trust).

**Design/methodology/approach** – Data were obtained from 346 employee-supervisor dyads from diverse organizations. Employees and supervisors described their POS and failure-related trust. Supervisors also rated employee's risk-taking behaviors.

**Findings** – Perceived organizational support (POS) was positively related to failure-related trust among subordinates and supervisors which, in turn, was related to subordinates' risk taking. Additionally, supervisors' failure-related trust moderated the relationship between subordinates' POS and failure-related trust, such that when supervisors strongly believed the organization was trustworthy in risk situations, employees' POS had a stronger relationship with failure-related trust, which in turn, was related to risk-taking.

**Research limitations/implications** – Understanding employee risk-taking has both theoretical, practical, and social implications. It advances our theoretical understanding of employee risk-taking and it shows the role played by managers in the promotion of subordinates' risk-taking behaviors.

**Originality/value** – This is one of the first studies to examine the antecedents of employee risk-taking behaviors in the workplace. Additionally, it provides evidence for the key role played by supervisors in modeling subordinate's risk taking through social information processing. Another strength concerns the use of data from dyads (subordinates and supervisors), which helps us to overcome problems related to common method bias.

**Keywords** Trust, Structural equation modeling, Perceived organizational support, Risk taking, Social information processing

**Paper type** Research paper

“Here lies a company that died risk free” (Keough, 2008, p. 19). According to Donald Keough, former president of Coca Cola, this is the epitaph of many companies, suggesting that risk taking should be actively pursued by organizations. Risk taking involves actions having an uncertain outcome, but with potentially high returns (Chiles and MacMackin, 1996; Wiseman and Gomez-Mejia, 1998). As global competition has increased, many organizations have responded by asking managers and their subordinates to innovate products and services that offer greater opportunities for profit but at an increased danger of financial loss if such initiatives fail. Sometimes such risk taking has been dramatically



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successful as illustrated by the way technology has changed how people commonly buy books, obtain news, and form casual social relationships over the Internet. In other cases, excessive risk taking has produced major failures for both managers and employees as exemplified by the bust of the dotcom bubble of the 1990's and the recent massive bankruptcies in the home mortgage and banking industries. This suggests that too little and too much risk taking are both dangerous for organizations' long-term welfare (Wicks *et al.*, 1999). The degree of optimal risk may vary substantially by job type and organization, making it a "conditional good" (Molina-Morales *et al.*, 2011, p. 118). For example, software design firms generally encourage more risk taking by employees responsible for creating new products than by accountants in the same firms. But whether firms and individual employees take too little or too much risk, risk taking has major implications for employee and organizational outcomes and is therefore an important, if understudied topic.

Employee risk taking represents a willingness to withstand uncertainty and mistakes as one explores new ideas, advocates unconventional or unpopular positions, or tackles extremely challenging problems without obvious solutions, in order to increase the likelihood of accomplishment. Although creativity and innovation often entail risk taking, these aspects of organizational behavior are distinct. Creativity in organizations involves the generation of new ideas that have potential practical utility. Innovation commonly refers to the practical implementation of creative ideas. It is true that employees who explore highly creativity ideas and their implementation often undertake substantial risk because of the high likelihood of failure and attendant blame (Klein and Sorra, 1996; Madjar *et al.*, 2011). However, high risk undertaken by employees does not always entail increased creativity or innovation as, for example, when employees accept new job assignments that involve a steep learning curve or when employees state unpopular opinions they feel will benefit the organization.

Several dispositional variables have been found to influence risk-taking behavior in experimental settings, including self-confidence, perceived competence and risk propensity (Klein and Kunda, 1994; Krueger and Dickson, 1994; Mano, 1994; Sitkin and Weingart, 1995). For example, Klein and Kunda (1994) found that individuals' beliefs concerning their ability to control events affected their decision to engage in such risky actions. Individuals preferred to engage in controllable risks (i.e. one could fix the negative outcome after it occurred) rather than less risky, yet uncontrollable events (i.e. the chances of having a negative outcome are smaller with little opportunity to fix a negative outcome).

In a similar vein, Krueger and Dickson (1994) found that business majors who believe they are very competent at decision making in a specific task (manipulated by the experimenter) see more opportunities in riskier choices and, ultimately, take more risks. Sitkin and Weingart (1995) focused on the role played by problem framing and outcome history in risk taking. Their studies demonstrated that individuals' risky decision-making behavior was determined by the degree of perceived risk, which was affected by prior task success and task framing which contributed to reduce perceived risk (those in a positively-framed condition, perceived the decision to carry less risks) risk perception.

Concerning risk taking by employees, it has also been suggested that organizational culture may encourage or discourage risky behavior through the promotion of groupthink, the creation of control mechanisms, and the modeling behavior of leaders (Sitkin and Pablo, 1992), although empirical data has yet to be gathered on these

possibilities. A telephone survey conducted by the global consulting firm BlessingWhite in 2007 revealed that 41 percent of the surveyed employees reported never being asked to take risks, by their managers. Lack of encouragement and fear of the personal consequences of failure may contribute to lessen employee risk taking, thus creating a “paradox of companies that know too much and do too little” (Pfeffer and Sutton, 2000, p. i). These authors contend that an atmosphere of trust and safety is vital to encourage individuals to question conventional wisdom and engage in dramatic breakthroughs because fear creates knowing-doing gaps, where individuals have new ideas and solutions but do not put them in practice, because they believe they might be punished for doing so.

Because risk taking, when used prudently, can be helpful to both new and well-established organizations, understanding the factors that shape its occurrence in employees is of theoretical and practical importance. Yet, and while risk taking has been extensively studied in other contexts, such as entrepreneurship (Busenitz, 1999; Stewart and Roth, 2001), strategic management (Latham and Braun, 2009), consumer behavior (Cox, 1967; Mitchell and Nygaard, 1999), sexual behavior (Kirby, 2002) or decision making processes and motivation to take risks in general (Atkinson, 1957; Tversky and Fox, 1995; Yates, 1992), we only found two studies focusing on employees’ risk taking within organizations (Tjosvold and Yu, 2007; Wu *et al.*, 2008).

In the present study, we examine how employees’ perception that the organization values their contribution and cares about their well-being (perceived organizational support, or POS; Eisenberger *et al.*, 1986; Shore and Shore, 1995; Rhoades and Eisenberger, 2002) is positively related to trust in the organization to respond benevolently to failure with risk, with positive consequences for risk-taking behavior. Further, it additionally considers how failure-related trust by supervisors may strengthen the relationship between subordinates’ POS and risk taking. Our findings provide an increased understanding of the relationship between positive work experiences and employees’ willingness to engage in risk-taking behaviors.

### **Perceived organizational support and risk taking**

According to organizational support theory (Eisenberger *et al.*, 1986; Eisenberger and Stinglhamber, 2011; Rhoades and Eisenberger, 2002; Shore and Shore, 1995), employees who receive valued resources (e.g. pay raises, developmental training opportunities) develop their POS and feel obligated, based on the reciprocity norm (Gouldner, 1960), to strive to repay the organization by helping it reach its objectives. For example, employees with high POS have been found to reciprocate with increased in-role and extra-role performance (Eisenberger *et al.*, 2001). Because POS incorporates the belief that the organization is concerned with one’s well-being and values one’s contributions, we expect that employees with high POS may trust the organization more to understand the uncertainties of risk taking, especially the likelihood of failure, and thus be more likely to engage in optimal risk taking.

Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intention or behavior of another (Rousseau *et al.*, 1998). It also comprises a specific task and situation nature (Mayer *et al.*, 1995). Specifically, one might trust another party on a specific situation (e.g. to fulfill a specific deadline) but not necessarily on another (e.g. to be creative), as these involve different abilities.

Because individuals tend to ascribe human characteristics to the organization (Rhoades and Eisenberger, 2002), when deciding whether to take risks on its behalf, employees pay particular attention to cues concerning the organization's actions in case of failure. That is, they try to evaluate how much they can trust the organization in that specific situation. We define failure-related trust as the belief that the organization's actions in case of failure will take into account the employee's intent to be helpful. Employees decide to put themselves in a position of vulnerability (e.g. by being honest about mistakes or discussing difficulties at work) based on their expectation that the organization will act in good faith in case their actions end in failure. Such expectations develop based on the consistency, guidance and behavioral integrity provided not only by the organization, but also by organizational representatives (Dineen *et al.*, 2006).

We developed this concept based on the idea that trust is context specific (Mayer *et al.*, 1995) – and that a measure that captures that specificity provides a more complete understanding of the meaning ascribed to trust in that particular setting. However, our conceptualization of failure-related trust goes beyond the general expectation that the organization refrain from taking advantage of them (which is the basic tenet of general trust theories), by specifically examining the expectations employees hold concerning the behavior of the organization in scenarios where failure is a possibility. For the purpose of failure-related trust, failure is defined here as not living up to the standards or objectives of the organization. Thus, for example, telling supervisors about mistakes and difficulties carrying out one's job in order to obtain aid or protect the organization from damage will be promoted by trust that the organization will understand the good intentions prompted by such self-disclosure and will not use such information in an unfair manner.

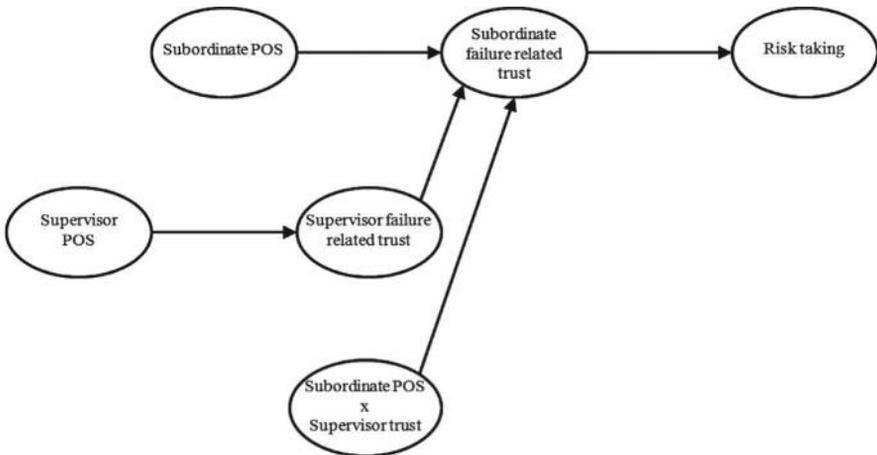
Failure-related trust is also related to psychological safety, which expresses employees' felt security in situations in which they trust that they will not suffer negative consequences to self-image, status, or career for their personal engagement (Kahn, 1990). The main difference between these two concepts is that failure-related trust also involves a behavioral intention, in this case the individual's readiness to accept a position of vulnerability, which psychological safety does not. Because POS involves the employee's perception that the organization values his or her welfare and contributions to its success, high POS will be likely to lead to the belief that employees' skills and talents are to be nurtured, and whose mistakes should be dealt with leniently.

Employees with high levels of failure-related trust would feel safe in engaging in potential risks to benefit the organization without fear of negative consequences. Taking risks by engaging in activities with a likelihood of failure on behalf of the organization involves a form of reciprocation that may be especially amenable to POS. Employee risk taking can involve a wide array of activities, such as trying new procedures, accepting difficult tasks with a high probability of failure or being honest about mistakes. These actions to help the organization may entail risks, for both the organization and employees, as the latter might be held partly responsible for costs to the organization. POS tends to be positively related to prudent risk taking because of a resultant belief that there will be lesser punishment for failure following attempts to aid the organization; and a felt obligation to help the organization meet its obligations and a concern for the organization's welfare, the

latter owing to increased identification with, and affective commitment to, the organization. Because high POS employees identify more with and care more about the organization, they should be more willing to risk personal failure although, at the same time, being cognizant that highly risky behaviors may harm to the organization. Thus, they would be more likely to undertake prudent risks to aid the organization. In sum, POS provides assurance that employees will be rewarded for good outcomes of risk taking and simultaneously that the organization has a high level of tolerance for mistakes.

Employees should be more willing to reciprocate high POS not only with increased conventional performance but also with risk taking that provides larger potential payoffs for the organization at the expense of a greater likelihood of failure. Managerial employees, as well as lower-level employees, have been found to form POS and reciprocate with heightened performance (e.g. Eisenberger *et al.*, 1990; Wayne *et al.*, 1997). Therefore, we can consider the relationship between POS and failure-related trust of supervisors and subordinates. As shown in our conceptual model (Figure 1), we expect both subordinates and their supervisors with higher POS to display higher levels of failure-related trust. Considering now subordinates, the relationship between failure-related trust and risk-taking behaviors should be statistically significant, as it provides assurance that, in case of failure, the organization will react benevolently. Such assurance reduces the fear of the consequences of risk taking and therefore its relationship with employees' engagement in risky endeavors promoted by the organization should be statistically significant, therefore mediating the relationship between employee's POS and risk taking:

- H1. Perceived organizational support is positively related to failure-related trust in both (a) employees and (b) supervisors.
- H2. Employees' failure-related trust mediates the positive relationship between (a) perceived organizational support and (b) risk-taking behaviors.



**Note:** The direct path between supervisor failure related trust and subordinate failure related trust is part of the interaction effect equation (b<sub>2</sub>)

**Figure 1.**  
Conceptual model

### The role of social information processing

The importance of a risk promoting organizational culture, in which employees perceive their superiors and co-workers to take risks and promote risk taking, for actual risk taking has been acknowledged (Bozeman and Kingsley, 1998). In such organizational cultures, leaders play a key role in modeling risk related behaviors in subordinates, by lending legitimacy to the acceptance or avoidance of risks (Sitkin and Pablo, 1992). Supervisors who perceive they are valued by the organization should have a high failure-related trust, and therefore model the failure-related trust of their subordinates through social information processing.

Social information processing theory (Salancik and Pfeffer, 1977, 1978) holds that the social environment shapes employees' perceptions of the work situation. That is, individuals assemble information from their social environment to understand events, form attitudes, and develop expectations of their behavior and its implications for themselves and the organization (Salancik and Pfeffer, 1978). Specifically, when individuals are socialized into the value system and traditional practices of an organization, they frame their perceptions of routine and new situations accordingly (Van Maanen and Schein, 1979), and these frames are beyond the influence of individual dispositions and traits. Saliency of information is particularly important for social information processing, as individuals pay more attention to information that is more easily accessible (Salancik and Pfeffer, 1978). As such, individuals actively appraise their social environment drawing from a range of sources, particularly significant and salient organizational agents such as their supervisors.

Supervisors serve as representatives of organizations, and their communications are often especially salient to employees (Levinson, 1965; Liden *et al.*, 2004). Supervisors' perceptions, attitudes and behaviors provide cues to employees about how they evaluate the work environment. These cues may strengthen or weaken employee's initial evaluations of the work environment, based on their own experience. For example, Ferrin *et al.* (2006) showed that supervisors transmit important information about their trustworthiness beliefs concerning other members of the organizations. This information shaped employees own perceptions of trustworthiness concerning those organizational members.

As shown in Figure 1, through social learning, subordinates' failure-related trust should therefore be related to that of their supervisor, with consequences for risk taking. That is, when supervisors believe the organization is trustworthy in risky situations, their subordinates' POS will be strongly related to failure-related trust, which should in turn be positively related to risk taking. On the other hand, when supervisors believe less strongly that the organization is trustworthy in risky situations, employees POS will less likely be associated with risk related trust, also with consequences for risk taking, albeit smaller. Thus:

- H3. Supervisor's failure-related trust moderates the positive relationship between (a) their subordinates' perceived organizational support and (b) failure-related trust, such that, perceived organizational support is more strongly associated with failure-related trust when supervisor's failure-related trust increases.
- H4. Employee's failure-related trust mediates the relationship between (a) the perceived organizational support X failure-related trust interaction and (b) risk-taking behaviors.

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## Method

### *Sample*

Participants were full-time employees, as well as their direct supervisors, obtained from a variety of organizations operating in Portugal. We contacted 474 employee-supervisor dyads and administered the survey in person when both agreed to participate. Each dyad was from a different organization. Of these, 378 employee-supervisor dyads agreed to participate (80 percent return rate), but due to lack of completion, 32 dyads had to be removed, leaving a final sample of 346 employee-supervisor dyads.

The sample consisted of 36.1 percent men and the average age was 34.5-years-old. Almost half of these subordinates (47.7 percent) worked in the same organization for more than five years, and 35.5 percent of them worked with their current supervisor for more than five years. Of these subordinates, 36.7 percent had less than a high school degree, 46.5 percent held a high school diploma and 16.8 percent held a university degree. Job types in the sample included clerical (17.4 percent), food, travel and hospitality (9.6 percent), customer service (8.1 percent), sales/marketing (8.1 percent), health care (6.9 percent), education (5.5 percent), manufacturing (3.8 percent), construction and home services (3.5 percent), financial services (3.2 percent), transportation (2.6 percent), media/advertising (1.4 percent), information technology (1.4 percent), protection (1.2 percent), skilled trade (1.2 percent), facilities management/maintenance (0.6 percent), consulting (0.3 percent), real estate (0.3 percent), among others (24.9 percent of our sample did not clarify their job type, by choosing the option "other"). The majority of supervisors worked in the same organization for more than five years (73 percent), 54 percent were men and the average age was 41-years-old. Of these supervisors, 43 percent held a high school diploma, and 33 percent held a university degree. Organizational size ranged from less than 10 employees (39.9 percent), between 10 and 50 employees (28.3 percent), between 50 and 100 employees (11.1 percent) and more than 100 (19.7 percent).

### *Procedure*

Data collection was part of an assignment for an Organizational Psychology course. Students received class credit for their participation. They received training, conducted by the first author, which involved practicing the data collection procedure (role-playing) and discussing potential problems and difficulties. All students had previous experience collecting data as required in several mandatory courses. Each student had to contact at least five employees and their respective supervisors from different organizations and collect the data in person (face-to-face), in order to guarantee confidentiality. Students themselves decided which organizations they would contact. We wanted students to collect dyads from different organizations in order to have variability in terms of job types as well as industries.

Our goal was to test our theoretical model with a diverse sample of employees, beyond the constraints and specificities of a particular organization or industry. The main sampling criterion was that all participants would have to provide a valid contact (either a phone number or email) so that they could be contacted by the researchers. We did not ask for any additional information that could identify the participants. A random sample of surveyed employees and supervisors (10 percent) was later contacted by the researchers to confirm that the application rules were followed, and no irregularities were detected.

*Measures*

Subordinates and supervisors used a seven-point Likert scale (1-strongly disagree, 7-strongly agree) to answer all questions.

*Control variables.* We controlled for subordinate's tenure with the supervisor, organizational size, and supervisor's organizational tenure, because they have sometimes been found to be related to different types of performance outcomes, such as creativity, safety and counterproductive behaviors (Ng and Feldman, 2010). However, research on risk taking has demonstrated that individual differences should also be accounted for. We examined if subordinates' age, gender or education had a statistically significant correlation with their failure-related trust and risk taking and found that none of these individual differences presented statistically significant relationships with both outcomes (age:  $r = 0.00$  and  $0.04$ ,  $p > 0.05$ , respectively; gender:  $r = -0.05$  and  $-0.06$ ,  $p > 0.05$ , respectively; education:  $r = -0.08$  and  $-0.03$ ,  $p > 0.05$ , respectively). These variables are uncorrelated with our outcomes, and as such, we followed Becker's (2005) recommendation and did not include them as control variables in our analyses, as they have the potential to reduce statistical power.

*POS.* We used a short version of the Survey of Perceived Organizational Support (Eisenberger *et al.*, 1986). We selected ten high-loading items from this survey. We used the same scale for both employees and supervisors (employees  $\alpha = 0.91$ ; supervisors  $\alpha = 0.89$ ).

*Failure-related trust.* We developed four items to evaluate failure-related trust, in order to reflect that specific facet of trust. These statements refer to how safe employees feel in the case of failure, demonstrated by actions such as discussing problems and mistakes (employees  $\alpha = 0.60$ ; supervisors  $\alpha = 0.60$ ) (see Table I).

*Risk-taking behaviors.* We developed new items to measure actual risk-taking behaviors since those proposed by previous authors did not fully fit the scope of our study. One focused more on employees' own attitudes toward risk taking (Tjosvold and Yu, 2007) than on risk-taking behaviors *per se*, while the other examined employees' evaluation of their own risk-taking behavior change following the privatization of a company (Wu *et al.*, 2008). Therefore, we developed four items for supervisors to rate subordinates' risk-taking behavior ( $\alpha = 0.61$ ).

**Results**

Means, standard deviations, reliabilities, and the intercorrelations are shown in Table II. +Since our participants held a number of organizational functions, we first examined (MANOVA) whether there were differences between job types on employee failure-related trust and risk taking, our outcome variables. We did not find any significant differences between job types for employee failure-related trust,  $F(345, 17) = 1.30$ ,  $p > 0.05$ , or risk taking,  $F(345, 17) = 1.02$ ,  $p > 0.05$ .

*Discriminant validity*

Failure-related trust and risk-taking were assessed with new measures. Therefore, we performed separate exploratory factor analyses (EFA) using SPSS 20 for failure-related trust and POS on employees and supervisors and added risk taking in both analyses (as it refers to employee behaviors but were evaluated by supervisors). As shown in Table I, failure-related trust and POS were distinct for both employee and supervisors, with POS items loading between 0.58 and 0.85 for employees and 0.53 and 0.85 for

Items	Employees			Supervisors			Perceived organizational support	
	I	II	III	I	II	III		
<i>Perceived organizational support</i>								
My organization values my contribution to its well-being	<i>0.75</i>	0.03	-0.05	<i>0.73</i>	-0.04	-0.11	<b>195</b>	
My organization fails to appreciate any extra effort from me (R)	<i>0.81</i>	-0.04	0.01	<i>0.75</i>	-0.09	-0.04		
My organization would ignore any complaint from me (R)	<i>0.58</i>	0.09	0.07	<i>0.53</i>	-0.02	0.15		
My organization really cares about my well-being	<i>0.83</i>	0.00	0.01	<i>0.81</i>	-0.03	-0.07		
My organization shows very little concern for me (R)	<i>0.68</i>	-0.06	0.07	<i>0.61</i>	0.06	0.17		
My organization takes pride in my accomplishments at work	<i>0.64</i>	-0.07	-0.03	<i>0.67</i>	0.13	-0.01		
Even if I did the best job possible, my organization would fail to notice (R)	<i>0.68</i>	-0.07	0.05	<i>0.64</i>	-0.08	0.05		
My organization cares about my general satisfaction at work	<i>0.85</i>	0.06	-0.10	<i>0.85</i>	0.07	-0.08		
The organization tries to make my job as interesting as possible	<i>0.82</i>	0.02	-0.08	<i>0.68</i>	0.08	0.03		
The organization is willing to extend itself in order to help me perform my job to the best of my ability	<i>0.81</i>	0.03	0.08	<i>0.79</i>	0.02	0.03		
<i>Failure-related trust</i>								
I would feel comfortable telling my organization about a mistake I made	0.04	0.24	<i>0.55</i>	-0.07	-0.03	<i>0.74</i>		
When I am not good at a task, I feel at ease telling my organization about it	0.24	0.22	<i>0.60</i>	-0.05	-0.02	<i>0.69</i>		
If I had a problem that could influence my performance at work, I would hesitate to discuss it with my organization (R)	-0.04	-0.25	<i>0.63</i>	0.17	0.02	<i>0.50</i>		
If I had difficulties at work, I would be inclined to keep them from my organization (R)	-0.03	-0.02	<i>0.80</i>	0.03	0.04	<i>0.70</i>		
<i>Risk taking</i>								
This employee willingly accepts tasks having a high likelihood of problems	0.04	<i>0.62</i>	0.00	-0.06	<i>0.69</i>	-0.06		
This employee puts himself or herself in a position of risk to help this organization	-0.02	<i>0.58</i>	0.02	0.06	<i>0.61</i>	-0.10		
This employee tells me when he/she has made a mistake that he/she could easily hide	-0.07	<i>0.75</i>	0.02	-0.05	<i>0.71</i>	0.15		
This employee values taking a chance on new products, services, or procedures	0.03	<i>0.68</i>	-0.04	0.07	<i>0.68</i>	0.04		
<b>Note:</b> Oblimin rotation was performed. Each item's highest loading is presented in italics. Eigenvalues and percentage of variance accounted for by Factors 1, 2 and 3 were 6.13 (34.04 percent), 1.84 (10.20 percent) and 1.51 (8.37 percent) for employees and 5.46 (30.31 percent), 1.83 (10.17 percent) and 1.62 (9.01 percent) for supervisors, respectively. (R) = Reverse scored								

**Table I.**  
Exploratory factor analysis for POS, failure-related trust and risk taking (employees and supervisors)

**Table II.**  
Descriptive statistics and  
correlations

	Mean	SD	1	2	3	4	5	6	7	8
1. Tenure with the supervisor	3.14	1.26	–							
2. Organizational size	2.24	1.39	0.01	–						
3. Supervisor's organizational tenure	4.38	1.21	0.48 <sup>***</sup>	0.18 <sup>***</sup>	–					
4. Perceived organizational support (POS)	4.99	1.20	0.02	–0.27 <sup>***</sup>	–0.12 <sup>**</sup>	(0.91)				
5. Supervisor's POS	5.16	1.12	0.02	–0.20 <sup>***</sup>	–0.09	0.35 <sup>***</sup>	(0.89)			
6. Failure-related trust	5.30	1.05	0.05	–0.12 <sup>**</sup>	–0.01	0.35 <sup>***</sup>	0.16 <sup>***</sup>	(0.60)		
7. Supervisor's failure-related trust	5.68	1.01	–0.14 <sup>***</sup>	–0.09 <sup>*</sup>	–0.14 <sup>***</sup>	0.10 <sup>*</sup>	0.28 <sup>***</sup>	0.26 <sup>***</sup>	(0.60)	
8. Risk-taking behavior (RTB)	4.85	1.11	0.11 <sup>**</sup>	0.00	0.10	0.18 <sup>***</sup>	0.19 <sup>***</sup>	0.11 <sup>**</sup>	0.12 <sup>***</sup>	(0.61)

**Notes:**  $n = 346$ .  $^* p < 0.10$ ;  $^{**} p < 0.05$ ;  $^{***} p < 0.01$ . Two-tailed test. Cronbach's alpha is reported on the diagonal. Tenure with the supervisor and supervisor's organizational tenure were coded as 1 = Less than six months, 2 =  $\geq$  six months and  $<$  one year, 3 =  $\geq$  one year and  $<$  five years, 4 =  $\geq$  five years and  $<$  ten years, 5 =  $\geq$  ten years and  $<$  20 years, 6 = 20 years or more. Organization size was coded as 1 = Less than ten employees, 2 = 10-50 employees, 3 = 51-100 employees, 4 = 101-200 employees, 5 = More than 200 employees

supervisors, failure-related trust items loading between 0.55 and 0.80 for employees and 0.50 and 0.74 for supervisors. Risk-taking items presented loadings between 0.58 and 0.75 in the employee EFA and 0.61 and 0.71 in the supervisor EFA.

Next, we conducted confirmatory factor analyses to examine the distinctiveness of the five constructs in our measurement model: employee's failure-related trust, POS and risk-taking behaviors, and supervisor's failure-related trust and POS. We compared the fit of four nested models using Chi-square difference tests (Bentler and Bonett, 1980; James *et al.*, 1982). The five-factor model treated all factors as distinct. In order to test the distinctiveness of the variables collected from the same source, we created a four-factor model, in which subordinate's POS and failure-related trust were combined into a single factor, and a three-factor model, in which subordinate's POS and failure-related trust were combined into a single factor, and supervisor's POS and failure-related trust were also combined into a single factor. Finally, we created a one-factor model that aggregated all variables into one single factor. As shown in Table III, the five-factor model presented a better fit for all indexes, CFI, TLI and RMSEA, and for the chi-square difference tests ( $\chi^2(454) = 830.84, p < 0.01$ ; CFI = 0.91; TLI = 0.90; RMSEA = 0.05). Consequently, we treated the five constructs separately in the tests of our hypotheses.

*Tests of hypotheses*

We used structural equation modeling (SEM) with AMOS 20 to test our hypotheses. Our sample was comprised of employees and supervisors from a wide variety of organizations. As such, we included three control variables in our SEM: organizational size, employee tenure with the supervisor and supervisor's organizational tenure.

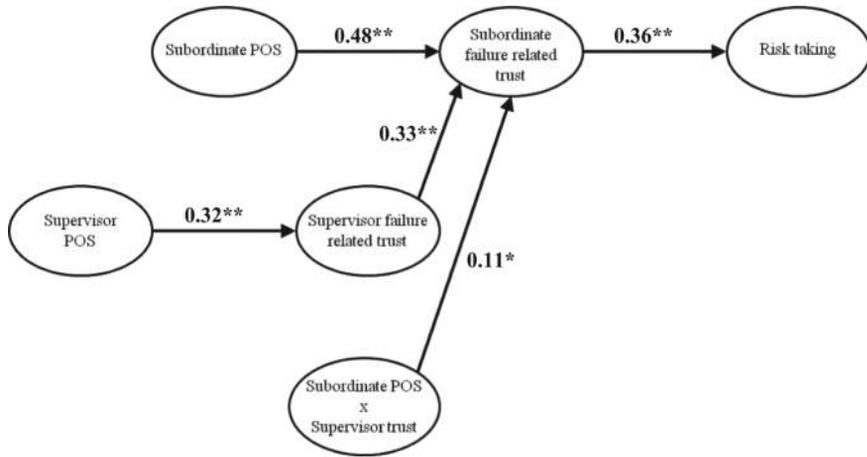
As shown in Figure 2, POS presented a positive relationship with failure-related trust for both employees ( $\beta = 0.48; p < 0.01$ ) and supervisors ( $\beta = 0.32; p < 0.01$ ), thus supporting *H1*. The relationship between employees' failure-related trust and risk-taking behaviors was also statistically significant ( $\beta = 0.36; p < 0.01$ ). To test the strength of the indirect relationship, we used the z-prime method (MacKinnon *et al.*, 2002), as it provides superior power and a lower Type 1 error rate when compared to other methods. The indirect relationship between POS and risk-taking behaviors through failure-related trust was statistically significant ( $z' = 3.15, p < 0.05$ ), thus supporting *H2*.

To test the interaction in SEM, we used Marsh *et al.*'s (2004) unconstrained product-indicator approach. This approach consists in centering the indicator variables and uses the product of the centered indicators to define the indicators of the latent interaction term. We paired the highest loading indicators together, followed progressively by the items with lower loadings. Moreover, when testing interactions,

Models	df	$\chi^2$	$\chi^2_{diff}$	RMSEA	CFI	TLI
Five factors	454	830.84 **		0.05	0.91	0.90
Four factors	458	958.49 **	154.65 *	0.06	0.88	0.87
Three factors	461	1065.83 **	106.51 *	0.06	0.85	0.84
One factor	464	2346.24 **	1280.41 *	0.11	0.54	0.51

Notes:  $n=346$ . \* $p < 0.05$ ; \*\* $p < 0.01$

**Table III.**  
Confirmatory factor  
analysis



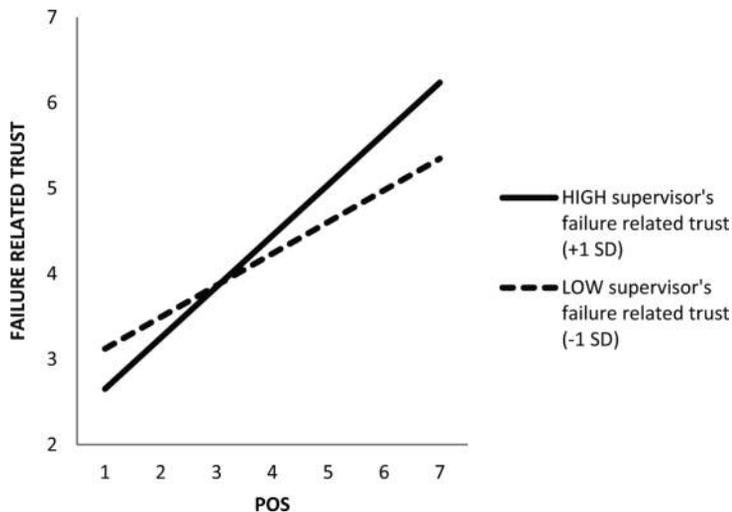
Note: \*  $p < 0.05$ ; \*\*  $p < 0.01$

**Figure 2.** Final model for the relationship between POS and failure-related trust (at both employee and supervisor level) and risk-taking behaviors

we have to control for the direct effects of both the predictor and moderator on the outcome variable, as proposed by Cohen *et al.* (2003) in the following equation:

$$Y = b_0 + b_1X + b_2Z + b_3XZ + e.$$

As proposed in *H3*, the interaction of subordinate’s POS and supervisor’s failure-related trust on subordinate’s failure-related trust was statistically significant ( $\beta = 0.11$ ;  $p < 0.05$ ). Following the procedure outlined by Cohen *et al.* (2003), we plotted the interaction at high supervisor’s failure-related trust (one standard deviation above the mean) and low supervisor’s failure-related trust (one standard deviation below the mean) (Figure 3). Although the relationship between employee’s POS and failure-related trust was statistically significant both when supervisor’s



**Figure 3.** Failure-related trust as a function of POS at low (minus 1 SD) and high (plus 1 SD) levels of supervisor’s failure-related trust

failure-related trust was high ( $t(343) = 9.28; p < 0.01$ ) and when it was low ( $t(343) = 5.90; p < 0.01$ ), the difference between both slopes was statistically significant ( $t(343) = 2.50; p < 0.01$ ).

To test the indirect relationship of the interaction term and risk-taking behaviors through failure-related trust ( $H4$ ), we used the Morgan-Lopez and MacKinnon's (2006) method. The estimate of the indirect relationship is the product of the path from the interaction term to the mediator and the path from the mediator to the outcome variable, as tested with the z-prime method (MacKinnon *et al.*, 2002). The interaction of POS and supervisor's failure-related trust on employee's failure-related trust significantly carried over to risk-taking behaviors ( $z' = 1.88, p < 0.05$ ), thus supporting  $H4$ .

Additionally, we compared the hypothesized model (Figure 1) with two partial mediated models. Model 2 added a direct path from POS to risk-taking behaviors ( $H1$ ). Model 3 added a direct path from the POS by supervisor's failure-related trust to risk-taking behaviors, ( $H4$ ). None of the alternative models presented a better fit than the hypothesized model (Table IV), since the relationships between POS and risk taking ( $\beta = 0.13, p > 0.05$ ) and between the subordinate's POS x Supervisor's failure-related trust interaction and risk taking ( $\beta = 0.08, p > 0.05$ ) were not statistically significant. As such, our results report to the hypothesized model, which showed acceptable fit ( $\chi^2(675) = 1155.87, p < 0.01; CFI = 0.90; TLI = 0.89; RMSEA = 0.05$ ).

**Discussion**

The present study is one of the few empirical studies on individual risk taking in organizations. Specifically, it examined the relationship between perceived organizational support and employee risk-taking behaviors through greater failure-related trust among employees and supervisors alike. Moreover, by using a social information processing approach (Salancik and Pfeffer, 1978), it drew attention to the role of supervisor's failure-related trust as a relevant source of information concerning the work environment, thus shaping the strength of the relationship between employee's POS and failure-related trust. We found that, as employees' POS increased, so did their failure-related trust, with consequences for risk taking. Additionally, we found that the interaction of supervisors' failure-related trust and employees' POS was positively related to subordinates' own failure-related trust, again with consequences for risk taking. That is, employees use their supervisor's attitudes toward the organization as guidelines for their own attitudes and behaviors. When supervisors strongly believed the organization was trustworthy in situations with a high likelihood of failure, employees' POS presented a stronger relationship with failure-related trust, and consequently with risk taking. On the other hand, when

	df	$\chi^2$	$\chi^2_{diff}$	RMSEA	CFI	TLI
Model 1 (theorized)	675	1155.87*		0.05	0.90	0.89
Model 2	674	1153.83*	2.04	0.05	0.90	0.89
Model 3	674	1154.30*	1.57	0.05	0.90	0.89

Note: \* $p < 0.01$

**Table IV.**  
Comparison of the  
mediation models

supervisors questioned the organization's trustworthiness in situations with a high likelihood of failure, employees' POS had a weaker relationship with failure-related trust and with risk taking.

#### *Implications for theory*

These findings have notable implications for organizational support theory, trust, and risk taking in organizations. Previous research on POS has shown its relationship to various behavioral outcomes including job performance and creativity (Eisenberger and Stinglhamber, 2011; Rhoades and Eisenberger, 2002). Employees with high POS engage in citizenship behaviors beyond the scope of those formally required by their jobs. The present study indicates that the riskiness of activities chosen by employees is also related to POS, although indirectly through an increase in failure-related trust, being shifted toward those more risky with a higher potential payoff for the organization. Thus, risk-taking is added to the set of behavioral outcomes of POS (via failure-related trust). The role of failure-related trust on the relationship between POS and risk taking also extends organizational support theory. Trust is a key mechanism that strengthens employee-organization relationships (Rousseau *et al.*, 1998), and future research may find the POS-trust association is related to not only risk taking but also employees' subjective well-being, reduced stress and turnover. Our study also indicates that line managers, through social information processing, play a key role in communicating trust in the organization to subordinates and thereby facilitating the relationship between subordinates' POS and risk taking. Zyglenczyk *et al.* (2010) showed how social influence operated through social networks to spread POS within organizations. The present findings suggest that social influence similarly spreads POS-based trust from supervisors to subordinates.

#### *Implications for management practice and society*

Our results have important practical implications regarding how organizations can model employees' prudent risk taking performance. First, by increasing POS through such means as support from managers, fairness and generous HR practices (Rhoades and Eisenberger, 2002), organizations are also increasing failure-related trust among subordinates which, in turn, are related to their risk-taking behaviors. Second, in line with previous research (Eisenberger *et al.*, 1990; Wayne *et al.*, 1997), organizations should make an effort to provide supervisors with similar socioemotional resources. Supervisor's POS strengthens their failure-related trust, which will shape employee's perceptions and attitudes through a modeling effect, ultimately reinforcing their risk-taking behaviors. Nonetheless, further understanding of the nuances of the contagion process is necessary, as it will help academics and practitioners to identify effective ways to control how social information factors contribute to risk taking. For example, researchers should consider the role of other sources of information, such as coworkers, in the development of employee's risk-taking behaviors. Of course, as the perils of financial crises suggest, a proper balance must be struck between stifling conformity and imprudent chance-taking.

Furthermore, failure-related trust can also be enhanced through other mechanisms. Mayer *et al.* (1995) proposed that characteristics of the trustee also play a role in the development of interpersonal trust. These authors mention three particularly important factors for trustworthiness: ability (group of skills that enables an

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individual to have influence over others in a specific domain), benevolence (how much a person is willing to do good to others, aside from a profit perspective) and integrity (the set of principles the trustee adheres to). Selection and recruitment processes for supervisory positions should evaluate this set of characteristics.

Although risk taking is vital for organizational survival in conditions of turbulence and global competition, it might also provoke the downfall of an organization if unsuccessful. Future research should also examine the conditions under which employee risk taking is most successful, as to prevent that either conformism or reckless risk-taking are repeatedly put into practice.

### *Limitations*

As with any study, there are a number of limitations that must be highlighted. First, its cross-sectional design does not allow us to make inferences of causality. Although we might advocate that employee attitudes, such as POS and trust, are antecedents of behaviors, such as risk taking, the proposed framework should be interpreted with caution. Future research should use longitudinal designs in order to overcome such limitation and allow for strong causal testing. Second, our measures of failure-related trust and risk taking did not present optimal internal consistency coefficients. To the best of our knowledge, there are no other scales available for these measures in the literature besides the ones developed specifically for this study. Attention should be given to the further development of measures of failure-related trust and risk taking. Our general measure of individual risk taking in the workplace differs from traditional risk that asks respondents to choose among alternatives in hypothetical scenarios (e.g. Tversky and Fox, 1995). Although more subjective than the traditional measures, our approach provides greater ecological validity because it deals with observed employee behaviors. Our measure provides a first step toward the measurement of individual risk taking in the workplace and is aligned with the measurement of other employee behaviors, such as task or citizenship behaviors.

Third, our data collection procedure may raise some concerns about the representativeness of the sample, as students selected their own employee-supervisor dyad in each organization. Because organizational size might reduce risk taking due to the increased number of bureaucratic layers (Donaldson, 2001), we included organizational size as a control variable. We found no relationship between organizational size and risk taking ( $r = 0.00$ ). However, risk taking might also vary by organizational sector, which should be assessed in future research. Moreover, this procedure did have the advantage of sampling a variety of organizations, increasing the cross-organization generalizability of our findings.

Fourth, although we collected our measures from two different sources, it is possible that the relationship between the variables reported from the same source was inflated by common method variance. Therefore, and in line with the procedures proposed by Podsakoff *et al.* (2003) and Williams *et al.* (1989), we tested the impact of common method variance in our measurement model. The procedure involves comparing the original CFA with a separate CFA where the variance in the measures is explained by both the theoretical factors, and the common method factors. The variance explained by the common method variance factors was 2.7 percent, which is substantially lower than the 25 percent average reported by Williams *et al.* (1989).

*Future research*

There are some interesting insights for future research that one can derive from the present study. First, researchers should empirically test our view that employees with high POS do not simply take greater risk but adapt their risk to levels they believe are prudent, based on cues provided by such factors as the organizational climate, and nature of their jobs (cf. Sitkin and Pablo, 1992). For example, high POS might be related to greater risk, when organizational climate places a high premium on risk taking. Second, and because trust is a relational variable (Kramer, 1999), further attention should also be given to the role played by the organization's trust in the employee. We found that employees engage more in risk taking when they trust their organization. Organizations may give employees in whom they trust, more leeway to make important decisions and expend resources and express confidence in them, leading to greater risk taking. Third, more consideration should be given to the role of individual differences in risk taking in the workplace. Although our study did not find any statistically significant differences across age, gender or education, previous research has shown that such individual differences are important in certain contexts. For example, Byrnes *et al.*'s (1999) meta-analysis found that whereas men take more risks overall, the magnitude of these gender differences varied significantly across domains, and the gender gap decreased significantly among adults (i.e. the gender gap was bigger among children and adolescents). Fourth, an examination of differences in how POS is related to risk taking across industries, is also warranted. Biotech firms approach risk taking quite differently than manufacturing firms, and the magnitude of the consequences associated with risk taking vary whether we are examining health care institutions or consulting firms.

*Conclusion*

This research provides evidence that perceived organizational support among supervisors and employees is related to the development of employees' risk taking through trust, that the organization will respond benevolently to failure. Employees who believe that the organization values their contributions and care about their well-being are also more willing to take risks on behalf of the organization in the belief that the organization will recognize their own benevolent intent and dedication to the organization. This important outcome of perceived organizational support deserves further delineation.

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